

Message Text

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22

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

COME-00 OPIC-03 OMB-01 TRSE-00 /068 W

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 2801

C O N F I D E N T I A L CARACAS 4224

EO 11652 GDS

TAGS: ASEC PINS VE EINV

SUBJ: NIEHOUS CASE: FORCED SALE OF OWENS-ILLINOIS

1. I SAW PRESIDENT OF THE CONGRESS GONZALO BARRIOS OFF FOR THE US APRIL 12 AND HAD THE OPPORTUNITY DURING A PRIVATE CONVERSATION AT THE AIRPORT TO REVIEW OUR CONCERNS IN THIS MATTER. WITHOUT DIRECTLY CRITICIZING THE PRESIDENT'S ACTION, HE RESPONDED IN A POSITIVE AND CONSTRUCTIVE FASHION. HE SAID WE SHOULD LOOK FOR A SOLUTION THAT WOULD NOT DO DAMAGE TO THE RELATIONSHIP BETWEEN THE TWO COUNTRIES. HE ASKED ME TO EXAMINE THE PROBLEM IN THAT LIGHT, KEEPING IN MIND THE "VENEZUELAN AND ADECO" (ACCION DEMOCRATICA PARTY) PERSPECTIVE.

2. ANTONIO DIAZ MARTINEZ, PRESIDENT OF THE FEDERATION OF CHAMBERS OF COMMERCE (FEDECAMARA), CALLED ON ME LATER THAT SAME DAY WITH ESSENTIALLY THE SAME MESSAGE. HE SAID HE HAD APPOINTED THE PRESIDENT OF THE CHAMBER OF INDUSTRIAS, SUPPORTED BY A SPECIAL ADVISORY GROUP, TO DEAL WITH O-I AND MINISTER OF STATE CARMELO LAURIA IN ATTEMPTING TO WORK OUT AN EQUITABLE SOLUTION. HE EXPRESSED EXTREME CONCERN OVER THE CONSEQUENCES OF THE GOV'S DECISION IN TERMS OF PRECEDENT AND THE SERIOUS EFFECT ON THE FOOD-PROCESSING, BEVERAGE AND PHARMACEUTICAL INDUSTRIES SHOULD O-I PULL OUT. IT WAS ALSO THE VERY STRONG VIEW OF FEDECAMARAS THAT THE GOV SHOULD NOT GET INTO THE GLASS BUSINESS.

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3. ACCORDING TO DIAZ MARTINEZ, LAURIA AND OTHERS IN THE GOV KNOW THAT THE DECISION TO FORCE THE SALE OF O-I'S SUBSIDIARY GOES "TOO FAR." BUT THE PRESIDENT OVERRULED PROPOSALS FOR LESSER MEASURES ADVANCED IN THE CABINET MEETING AND, IN THE VIEW OF DIAZ MARTINEZ, CANNOT NOW SEEM TO RETREAT. HE CONCLUDED BY STATING WITH CONSIDERABLE FORCE THAT A SOLUTION ACCEPTABLE TO BOTH SIDES MUST BE FUND.

4. I SUGGESTED THAT DIAZ MARTINEZ ARRANGE TO TALK TO O-I VICE PRESIDENT COLEMAN AS SOON AS HE RETURNS.
SHLAUDEMAM

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CARACA04224
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760139-0716
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760473/aaaacsy.tel
Line Count: 72
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 21 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 JUL 2004 by BoyleJA>; APPROVED <01 NOV 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NIEHOUS CASE: FORCED SALE OF OWENS-ILLINOIS
TAGS: ASEC, PINS, EINV, VE, US, OWENS-ILLINOIS, (NIEHOUS, WILLIAM F)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006